

Message Text

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PAGE 01 ABU DH 00885 240603Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 /031 W
-----241151Z 070068 /20

R 231235Z MAR 77
FM AMEMBASSY ABU DHABI
TO USDOC WASHDC
INFO SECSTATE WASHDC 5825
AMEMBASSY ATHENS

UNCLAS ABU DHABI 0885

E.O. 11652: NA
TAGS: BTIO EIND TC
SUBJ: STATUS OF ABU DHABI'S INDUSTRIAL DIVERSIFICATION
PROGRAM

REF: (A) 75 ABU DHABI 02209, (B) 76 ABU DHABI A-73

1. ABU DHABI DEPARTMENT OF PETROLEUM AND INDUSTRY IS (DPI)
PROGRAM TO DIVERSIFY ABU DHABI'S INDUSTRY AWAY FROM PETROLEUM
IS MAKING GOOD PROGRESS AND PROMISES TO GROW IN FUTURE.
STATUS OF DPI NON-PETROLEUM PROJECTS IS AS FOLLOWS:
A. IN OPERATION:

1. CALCIUM SILICATE BRICK FACTORY. (BUILT BY U.K. FIRM).
B. IN OPERATION BUT TO BE EXPANDED:

1. AL-AIN CEMENT PLANT (PRESENT CAPACITY 250,000 TONS PER
YEAR. IHI (JAPAN) HAS BEEN COMMISSIONED TO CARRY OUT
THREE-FOLD EXPANSION BY THE END OF 1979.)
2. STEEL RE-ROLLING MILL. (FOR CONCRETE RE-BARS. 25,000
TONS PER YEAR. 12 FIRMS HAVE BEEN ASKED TO SUBMIT
PROPOSALS FOR 3-FOLD EXPANSION BY END OF APRIL 1977.)
3. ORGANIC FERTILIZER (COMPOSTING) PLANT. (IN OPERATION
BUT HAVING DIFFICULTY BECAUSE ABU DHABI PRESENTLY UN-
ABLE TO GENERATE SUFFICIENT GARBAGE* CONTRACT HAS
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BEEN AWARDED TO SAME FIRM (BUHLER OF SWITZERLAND)
FOR CONSTRUCTION OF SECOND PLANT IN AL-AIN).
C. UNDER CONSTRUCTION:
1. PAPER BAG FACTORY. (FOR CEMENT. BEING BUILT BY
SWISS FIRM. COMPLETION EXPECTED IN AUG., 1977.)
2. FLOUR MILL & GRAIN SILOS, (BEING BUILT BY SWISS
AND FINNISH FIRMS. COMPLETION EXPECTED IN MID

1978.)

D. BIDS IN AND BEING REVIEWED OR SOON TO BE RECEIVED:

1. LIME PLANT.(12 PROPOSALS WERE RECENTLY RECEIVED.

DECISION EXPECTED BY END OF MARCH, 1977. ESTI-
MATED COMPLETION LATE 1978.)

2. CONCRETE BLOCK PLANT (29 PREQUALIFIED FIRMS

(INCLUDING SEVERAL U.S.) ARE DUE TO SUBMIT

PROPOSALS AT END OF MAY, 1977.)

E. UNDER DISCUSSION WITH POTENTIAL JOINT VENTURE
PARTNERS:

1. SPONGE IRON PLANT AND STEEL ROLLING MILL. (30

PERCENT EQUITY PARTICIPATION

BEING REQUIRED FROM COMPANY PARTNER.

OFFERS HAVE BEEN RECEIVED FROM

KOBE (JAPAN), KRUPP, AND FERROSTAG (BOTH GERMANY),

BUT APPARENTLY NONE QUITE TO ADG'S LIKING. U.S.

STEEL WAS CONTACTED, BUT SHOWED NO INTEREST.)

F. BID DOCUMENTS IN PREPARATION:

1. SPIRAL-WELD STEEL PIPE FACTORY. #IN AUGUST,

1977 NUMBER OF PREQUALIFIED FIRMS WILL BE

INVITED TO BID ON 40,000 TON PER YEAR PLANT.)

G. FEASIBILITY STUDIES BEING REVIEWED:

1. TIRE PLANT.(STUDY JUST RECEIVED FROM ELECTRO-

WATT (SWISS) - DECISION IN NEXT SEVERAL

MONTHS.)

2. INDUSTRIAL SURVEY (STUDY IDENTIFYING OVER 30

POTENTIALLY VIABLE LIGHT INDUSTRIES FOR ABU

DHABI HAS JUST BEEN RECEIVED FROM ELECTROWATT

(SWISS). STUDY HAS NOT YET BEEN RELEASED BUT

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SHOULD BE AVAILABLE WITHIN MONTH OR TWO. DPI

SOURCE SAYS SOME OF PROJECTS IDENTIFIED AS

POTENTIALLY ATTRACTIVE ARE MANUFACTURE OF

PAINT, GLASS, NAILS, SOFT DRINKS, COOKIES,

MACARONI, CARBON BLACK, METAL DESKS, AND ELEC-

TRICAL APPLIANCES. SEPARATE REPORT WILL BE

PREPARED WHEN COPY OF STUDY IS OBTAINED.)

H. PROJECTS DROPPED - NOT VIABLE

1. ASBESTOS TUBE PLANT (SHELVED BECAUSE OF SIMI-

LAR PROJECT IN UMM AL-QAIWAIN.)

2. SULFURIC ACID PLANT (PLANT BEING BUILT IN

DUBAI WILL SATISFY LOCAL NEEDS.)

3. GHPSUM PLANT (CONSUMPTION TOO LOW AT PRESENT

MAY BE REVIVED IN FUTURE.)

2. ALL LISTED PROJECTS ARE UNDER IMMEDIATE SUPERVI-

SION OF DR. SHAFIQ HAFEZ, DIRECTOR OF INDUSTRY AT DPI.

OPPORTUNITIES TO BID FOR CONSULTANCIES AND CONSTRUCTION

OF THESE PLANTS ARE USUALLY BY DIRECT INVITATION FROM

HAFEZ, NOT BY PUBLIC INVITATION TO TENDDER. OBVIOUSLY
FIRMS UNKNOWN TO HAFEZ WILL NOT BE INVOLVED IN BIDDING.
BY SAME TOKEN, FAVORABLE IMPRESSION ON HAFEZ CAN HAVE
POSITIVE IMPACT ON AWARDING OF CONTRACTS, AND EMBASSY
ENCOURAGES U.S.* FIRMS TO MAKE THEIR CAPABILITIES AND
INTERESTS KNOWN TO HIM. FIRMS WHICH SEEM TO BE IN
PARTICULARLY GOOD POSITION TO WIN CONTRACTS FROM DPI
ARE FIRMS WHICH PRODUCE THE SPECIALIZED MANUFACTURING
EQUIPMENT REQUIRED BY THE SPECIFIC PLANTS TO BE BUILT.
SUCH FIRMS OFTEN KNOW AS MUCH ABOUT THE INDUSTRY IN
QUESTION AS ANY CONSULTANT AND ARE ABLE (OR AT LEAST
WILLING) TO PROVIDE FEASIBILITY STUDIES AND DESIGN
SERVICES AT LOWER COST THAN MOST CONSULTANTS. UP TO
NOW, DPI HAS SEEMED RELATIVELY UNCONCERNED THAT SUCH
FIRMS MAY NOT BE PROVIDING THE COMPLETELY DISIN-
TERESTED ADVICE THAT AN INDEPENDENT CONSULTANT
WOULD PROVIDE.

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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